

## Message Text

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ACTION AGR-20

INFO OCT-01 EUR-25 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

SP-03 AID-20 EB-11 NSC-07 RSC-01 CIEP-03 TRSE-00

SS-20 STR-08 OMB-01 CEA-02 COME-00 SWF-02 L-03

CIAE-00 INR-11 NSAE-00 PRS-01 DRC-01 /140 W

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O 022226Z AUG 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 4154

UNCLAS SECTION 1 OF 2 OTTAWA 2461

E.O. 11652: N/A

TAGS: ETRD, EAGR, CA

SUBJECT: DES AND BEEF

PASS AGRICULTURE FOR ASST SECRETARY YEUTTER

REF: (A) OTTAWA 2438; (B) STATE 168567

1. FOLLOWING ARE VERBATIM TEXTS OF GOC ANNOUNCEMENTS  
PURSUANT REF A:

BEGIN VERBATIM TEXT:

AUGUST 2, 1974

CANADA-U.S. AGREEEMNT ON DES

OTTAWA - HEALTH AND WELFARE MINISTER MARC LALONDE  
AND AGRICULTURE MINISTER EUGENE WHELAN ANNOUNCED  
TODAY THAT AGREEMENT HAS BEEN REACHED TO ALLOW  
IMPORTATION INTO CANADA OF AMERICAN CATTLE AND  
BEEF. THIS PROGRAM ALSO APPLIES TO SHEEP, MUTTON  
AND LAMB.

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THIS ACCORD PROVIDES A CERTIFICATION PROGRAM

WHICH MEETS CANADIAN REQUIREMENTS TO PROTECT CONSUMERS FROM POSSIBLE HAZARDS ASSOCIATED WITH CONSUMPTION OF MEAT FROM ANIMALS TREATED WITH THE GROWTH STIMULANT DES (DIETHYLSTILBESTROL).

BOTH CANADA AND THE U.S. BANNED USE OF DES AS A GROWTH STIMULANT IN LIVESTOCK PRODUCTION. SINCE APRIL 9, 1974, FOLLOWING REINSTATEMENT BY AN AMERICAN COURT OF THE USE OF DES IN THE U.S. CANADA HAS REFUSED THE ENTRY OF U.S. BEEF AND CATTLE UNTIL AN ACCEPTABLE CERTIFICATION PROGRAM COULD BE IMPLEMENTED.

A BASIS FOR THE ACCORD WAS REACHED WHEN THE UNITED STATES AGREED TO MEET CANADIAN REQUIREMENTS FOR CERTIFICATION BY A VETERINARIAN IN THE FULL-TIME EMPLOY OF THE UNITED STATES GOVERNMENT AND DIRECT INVOLVEMENT OF THE U.S. DEPARTMENT OF AGRICULTURE AT THE PRODUCER LEVEL. THE DETAILED AGREEMENT SPELLS OUT THE PROCEDURES ACCEPTABLE TO CANADA FOR COMPLETE CONTROL FROM THE AMERICAN PRODUCER TO THE CANADIAN CONSUMER.

THESE PROCEDURES INCLUDE THE FOLLOWING:

1. THE DEVELOPMENT OF A LIST OF CERTIFIED AMERICAN BEEF PRODUCERS, ELIGIBLE TO EXPORT CATTLE TO CANADA, BASED ON THE FACT THAT THESE PRODUCERS HAVE RECEIVED FULL INFORMATION ON CANADA'S REQUIREMENTS RESPECTING DES FROM A FULL-TIME EMPLOYEE OF THE UNITED STATES GOVERNMENT.

2. ISSUANCE OF A CERTIFICATE, AT THE TIME OF MARKETING, STATING THAT THE ANIMAL HAS NOT BEEN PRODUCED WITH THE AID OF DES AND THAT NO OTHER ANIMALS ON THE PREMISES HAVE BEEN ADMINISTERED DES. THIS CERTIFICATE MUST BE SIGNED  
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BY THE PRODUCER AND A FULL-TIME U.S. GOVERNMENT OFFICIAL, AND BE ACCOMPANIED BY ANOTHER CERTIFICATE FROM AN ACCREDITED VETERINARIAN. THE ANIMAL WILL BE IDENTIFIED BY EARTAG.

3. A VETERINARY OFFICER OF THE U.S. DEPARTMENT OF AGRICULTURE WILL CHECK TO ENSURE THAT

THE PRODUCER IS QUALIFIED AS AN EXPORTER TO CANADA, AND SIGN A STATEMENT THAT HE HAS IN HIS POSSESSION A PRODUCER'S AND ACCREDITED VETERINARIAN'S CERTIFICATE AND THAT HE IS SATISFIED THE CANADIAN DES REQUIREMENTS HAVE BEEN MET. THE SAME PROCEDURE WILL BE USED FOR U.S. CATTLE WHICH ARE SLAUGHTERED IN THE U.S. IF THE BEEF IS EXPORTED TO CANADA.

4. THE U.S. DEPARTMENT OF AGRICULTURE WILL, IN ADDITION, EXPAND ITS PRESENT DES MONITORING PROGRAM ON CATTLE SLAUGHTERED IN THE U.S.

IN ADDITION TO THESE EXTENSIVE PROCEDURES ON THE PART OF THE U.S. GOVERNMENT, THE CANADIAN GOVERNMENT WILL MONITOR CATTLE COMING TO CANADA FROM THE U.S., TO PROVIDE FURTHER ASSURANCE THAT DES RESIDUES ARE NOT PRESENT IN BEEF SOLD IN THIS COUNTRY. END VERBATIM TEXT.

BEGIN VERBATIM TEXT:

SUBJECT: BEEF STABILIZATION PLAN ANNOUNCED

OTTAWA, AUGUST 2, 1974- A NEW BEEF STABILIZATION PROGRAM WILL BE INTRODUCED IN CANADA ON AUGUST 12, ALONG WITH NEW IMPORT QUOTAS AND A PHASING OUT OF CURRENT BEEF PREMIUMS, AGRICULTURE MINISTER EUGENE WHELAN ANNOUNCED TODAY.

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ZTHE STABILIZATION PLAN PROVIDES PRICE SUPPORT FOR ALL CATTLE GRADING A,B, C," HE SAID.

"THIS COVERS ABOUT 82 PER CENT OF THE CATTLE SOLD FOR SLAUGHTER IN CANADA."

THE PRICE SUPPORT OF \$45.42/CWT. IS BASED ON THE FIVE YEAR AVERAGE PRICES OF A1 AND A2 STEERS AND HEIFERS IN TORONTO, WINNIPEG AND CALGARY MARKETS, WEIGHTED BY SALES VOLUMES, AND INDEXED UPWARD BY THE EXPECTED CHANGE IN FARM INPUT PRICE INDEX BETWEEN THE PERIOD OF THE FIVE YEAR AVERAGE AND THE FORTHCOMING YEAR. IF AT THE END OF 12 MONTHS, THE NATIONAL AVERAGE PRICE FOR A1 AND A2 STEERS AND HEIFERS DURING THE PERIOD OF THE PROGRAM IS

BELOW \$45.42 PER HUNDREDWEIGHT, THE FEDERAL  
GOVERNMENT WILL PAY CATTLEMEN A DEFICIENCY PAYMENT.  
THE PAYMENT WILL APPLY TO ALL CATTLE THAT GRADED  
A,B AND C.

" THE SUPPORT PRICE IS BASED ON A NATIONAL AVERAGE,  
NOT ON INDIVIDUAL SALES," MR. WHELAN EMPHASIZED.

"THIS MEANS THE FARMER HAS TO USE HIS OWN  
JUDGEMENT TO DET THE BEST PRICE AT THE MARKETPLACE.  
WE ARE PROVIDING PRICE SUPPORT ON A NATIONAL WEIGHTED  
AVERAGE, NOT ON EVERY SINGLE SALE BY EVERY FARMER."

THE SUPPORT PRICE FORMULA IS BASED ON: (1)  
90 PERCENT OF THE PAST FIVE YEAR AVERAGE FOR A1 AND A2  
CATTLE PLUS (2) ANTICIPATED CHANGES IN INPUT COSTS  
AS MEASURED BY THE FARM INPUT PRICE INDEX, THE  
MINISTER SAID.

"THIS IS CONSISTENT WITH OUR GOAL OF PROVIDING  
CONSUMERS WITH A CONTINUING SUPPLY OF TOP-QUALITY

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ACTION AGR-20

INFO OCT-01 EUR-25 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

SP-03 AID-20 EB-11 NSC-07 RSC-01 CIEP-03 TRSE-00

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CIAE-00 INR-11 NSAE-00 PRS-01 DRC-01 /140 W

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O 022300Z AUG 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 4155

UNCLAS SECTION 2 OF 2 OTTAWA 2461

FOOD OVER THE LONG TERM. CATTLEMEN ARE CONCERNED  
THAT FALLING MARKET PRICES WILL REDUCE THEIR  
RETURNS, AND THEY WILL CUT PRODUCTION SHARPLY

IF PROSPECTS ARE FOR A RETURN TO EARLIER LOWER PRICES.

"THERE IS A WORLD SURPLUS OF BEEF AND THERE IS A DANGER THAT SURPLUSES MIGHT BE CLEARED BY SOME COUNTRIES ON WORLD MARKETS REGARDLESS OF PRICE.

"WE DON'T WANT THIS BEEF TO RUIN OUR CANADIAN INDUSTRY, OR TO RIDE ON THE BACK OF OUR DOMESTIC STABILIZATION PROGRAM.

"THEREFORE, WE ARE SETTING IMPORT QUOTAS ON LIVE AND DRESSED BEEF COMING INTO OUR COUNTRY DURING THE YEAR OF THIS INTERIM STABILIZATION PLAN".

FROM AUGUST 12, 1974, TO AUGUST 11, 1975, THERE WILL BE A QUOTA OF 82,835 HEAD ON LIVE BEEF CATTLE IMPORTS. FRESH AND FROZEN DRESSED BEEF AND VEAL FROM ALL SOURCES WILL BE HELD TO 125.8 MILLION POUNDS FOR THE YEAR. IN ORDER TO PREVENT SHORT-  
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TERM DISRUPTIONS, NOT MORE THAN 30 PERCENT OF THE ANNUAL QUOTA WILL BE ALLOWED IN ANY ONE QUARTER.

"SOME COUNTRIES HAVE ALREADY TAKEN STRONG IMPORT CONTROL MEASURES-- EVEN CLOSING THEIR DOORS TO IMPORTS-- TO PROTECT THEIR BEEF INDUSTRIES. OTHER COUNTRIES ARE GIVING AN EXPORT SUBSIDY TO HELP CLEAR THEIR WORN GLUT.

"WE'RE NOT GOING TO PERMIT DISTRESS SELLING IN CANADA BECAUSE OF SOMEONE ELSE'S OVERPRODUCTION. AT THE SAME TIME, WE DON'T INTEND TO OVERREACT TO WHAT'S HAPPENING.

"THAT'S WHY WE HAVE CHOSEN TO ADOPT QUOTAS BASED ON OUR AVERAGE IMPORTS FOR THE PAST FIVE YEARS. THEY ARE AT A REASONABLE LEVEL TO PROTECT CANADA'S BEEF INDUSTRY. THE QUOTAS ARE NOT RESTRICTIVE IN TERMS OF HISTORICALLY ESTABLISHED TRADE PATTERNS. THEY WILL, HOWEVER, PREVENT DISTRESS SELLING OF BEEF IN CANADA."

CANADA'S MAJOR SUPPLIERS HAVE BEEN INFORMED OF THE ACTION BEING TAKEN. GOODS IN TRANSIT AS OF 4 P.M. EDT TODAY WILL NOT COME UNDER THE QUOTAS.

"THE QUOTA ON LIVE ANIMALS APPLIES ONLY TO

CATTLE IMPORTED FOR SLAUGHTER. IT LEAVES  
CATTLEMEN WITH HERD IMPROVEMENT PLANS FREE TO BRING  
IN BREEDING STOCK UNDER EXISTING REGULATIONS".

ALSO BEGINNING AUGUST 12, THE CURRENT BEEF  
PREMIUM OF THREE CENTS PER POUND ON GRADES A, B  
AND C CATTLE WILL BE PHASED OUT.

"FOR THE MARKETING WEEK OF AUGUST 12 TO 17, THE  
PREMIUM WILL DROP TO TWO CENTS," MR. WHELAN  
EXPLAINED.

" FROM AUGUST 19 TO 24 IT WILL BE ONE CENT PER  
POUND, AND AFTER THAT THERE WILL BE NO PREMIUM.  
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ZI AM CONVINCED THE NEW BEEF STABILIZATION  
PLAN WILL PROVIDE THE STABILITY OUR BEEF INDUSTRY  
NEEDS TO REMAIN STRONG AND VIABLE. IT WILL PREVENT  
REDUCTIONS IN BREEDING HERD SIZE BECAUSE OF  
UNSTABLE MARKETS. IN THE END, WE'RE HELPING TO  
ASSURE CONSUMERS THAT THEY WILL HAVE ENOUGH  
BEEF SUPPLIES A YEAR OR TWO FROM NOW."

PAYMENTS UNDER THE PLAN WILL GO DIRECTLY TO  
INDIVIDUAL CATTLEMEN WHO FILE CLAIMS AT THE END  
OF THE YEAR IF A DEFICIENCY PAYMENT IS DECLARED.

"FARMERS SHOULD KEEP PROOF OF SALE  
AND SLAUGHTER FOR ALL THE ANIMALS THEY MARKET DURING  
THE NEXT YEAR ENDING AUGUST 11, 1975," MR. WHELAN  
SAID.

"THERE WILL BE NO LIMIT ON ANIMALS SOLD PER  
FARM. ANY FARMER LIVING IN CANADA WHO IS THE MAIN  
DECISION-MAKER FOR HIS BEEF OPERATION CAN CLAIM  
UNDER THE PLAN.

"THE CONSUMER IS ALSO PROTECTED UNDER THESE  
MEASURES. THE PRICE OF BEEF IS ESTABLISHED IN  
THE MARKETPLACE OVER THE YEAR. THE QUOTAS WILL  
PREVENT PRICES FROM GOING TO FIRE SALE LEVELS,  
BUT THEY WILL ALSO ENSURE THAT THE CONSUMERS HAVE  
BEEF AVAILABLE A YEAR OR SO FROM NOW. OTHER MEANS  
OF PROVIDING SECURITY TO THE BEEF INDUSTRY, SUCH  
AS A SURTAX ON IMPORTS WOULD CERTAINLY BE MORE  
EXPENSIVE TO THE CONSUMER." END VERBATIM TEXT.  
PORTER

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## Message Attributes

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